Management's Discussion and Analysis
For the fiscal year ended November 30, 2014

General

Management's Discussion and Analysis of the financial position and results of operations ("MD&A") of MTY Food Group Inc. ("MTY") is supplementary information and should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the fiscal year ended November 30, 2014.

In the MD&A, MTY Food Group Inc., MTY, or the Company, designates, as the case may be, MTY Food Group Inc. and its Subsidiaries, or MTY Food Group Inc., or one of its subsidiaries.

The disclosures and values in this MD&A were prepared in accordance with International Financial Reporting Standards (IFRS) and with the current issued and adopted interpretations applied to fiscal years beginning on or after December 1, 2013.

This MD&A was prepared as at February 12, 2015. Supplementary information about MTY, including its latest annual and quarterly reports, and press releases, is available on SEDAR's website at www.sedar.com.

Forward looking statements and use of estimates

This MD&A and, in particular, but without limitation, the sections of this MD&A entitled Outlook, Same-Store Sales, Contingent Liabilities and Subsequent Event, contain forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to certain aspects of the business outlook of the Company during the course of 2014. Forward-looking statements also include any other statements that do not refer to independently verifiable historical facts. A statement we make is forward-looking when it uses what we know and expect today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated by us, forward-looking statements in this MD&A describe the Company's expectations at February 12, 2015 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results or events could differ

materially from the expectations expressed in or implied by such forward-looking statements and that the business outlook, objectives, plans and strategic priorities may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are provided in this MD&A for the purpose of giving information about management's current strategic priorities, expectations and plans and allowing investors and others to get a better understanding of the business outlook and operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

Forward-looking statements made in this MD&A are based on a number of assumptions that we believed were reasonable on February 12, 2015. Refer, in particular, to the section of this MD&A entitled Risks and Uncertainties for a description of certain key economic, market and operational assumptions we have used in making forward-looking statements contained in this MD&A. If the assumptions turn out to be inaccurate, the actual results could be materially different from what is expected.

In preparing the consolidated financial statements in accordance with IFRS and the MD&A, management must exercise judgment when applying accounting policies and use assumptions and estimates that have an impact on the amounts of assets, liabilities, sales and expenses reported in the consolidated financial statements and on contingent liabilities and contingent assets information provided.

Unless otherwise indicated in this MD&A, the strategic priorities, business outlooks and assumptions described in the previous MD&A remain substantially unchanged.

Important risk factors that could cause actual results or events to differ materially from those expressed in or implied by the above-mentioned forward-looking statements and other forward-looking statements included in this MD&A include, but are not limited to: the intensity of competitive activity, and the resulting impact on the ability to attract customers' disposable income; the Company's ability to secure advantageous locations and renew existing leases at sustainable rates; the arrival of foreign concepts, the ability to attract new franchisees; changes in customer tastes, demographic trends and in the attractiveness of concepts, traffic patterns, occupancy cost and occupancy level of malls and office towers; general economic and financial market conditions, the level of consumer confidence and spending, and the demand for, and prices of, the products; the ability to implement strategies and plans in order to produce the expected benefits; events affecting the ability of third-party suppliers to provide essential products and services; labour availability and cost; stock market volatility; operational constraints and the event of the occurrence of epidemics, pandemics and other health risks.

These and other risk factors that could cause actual results or events to differ materially from the expectations expressed in or implied by these forward-looking statements are discussed in this MD&A.

We caution readers that the risks described above are not the only ones that could impact the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also have a material adverse effect on the business, financial condition or results of operations.

Except as otherwise indicated by the Company, forward-looking statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after February 12, 2015. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. The Company therefore cannot describe the expected impact in a meaningful way or in the same way that present known risks affecting our business.

Compliance with International Financial Reporting Standards

Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards (“IFRS”). MTY uses earnings before interest, taxes, depreciation and amortization (“EBITDA”), because this measure enables management to assess the Company’s operational performance. The Company also discloses same-store sales growth, which are defined as comparative sales generated by stores that have been open for at least thirteen months or that have been acquired more than thirteen months ago.

These measures are widely accepted financial indicators but are not a measurement determined in accordance with GAAP and may not be comparable to those presented by other companies. These non-GAAP measures are intended to provide additional information about the performance of MTY, and should not be considered in isolation or as a substitute for measure of performance prepared in accordance with GAAP.

The Company uses these measures to evaluate the performance of the business as they reflect its ongoing operations. Management believe that certain investors and analysts use EBITDA to measure a company’s ability to meet payment obligations or as a common measurement to value companies in the industry. Similarly, same-store sales growth provides additional information to investors about the performance of the network that is not available under GAAP. Both measures are components in the determination of short-term incentive compensation for some employees.

Highlights of significant events during the fiscal year

On July 21, 2014, a 90% owned subsidiary of the Company acquired the Canadian assets of Madisons New York Grill & Bar. The total consideration for 100% of the assets was $12.9 million. The transaction was effective on July 18, 2014.

On October 31, 2014, the Company announced that it had completed the acquisition of 100% of the assets of Café Dépôt, Muffin Plus, Sushi-Man and Fabrika, for a total consideration of $13.95 million.

On November 7, 2014, the Company announced that it had completed the acquisition of 100% of the franchising operations of Van Houtte Café Bistros for a total consideration of $0.95 million.

Core business

MTY franchises and operates quick-service restaurants under the following banners: Tiki-Ming, Sukiyaki, La Crémière, Au Vieux Duluth Express, Carrefour Oriental, Panini Pizza Pasta, Franx Supreme, Croissant Plus, Villa Madina, Cultures, Thaï Express, Vanellis, Kim Chi, “TCBY”, Yogen Früz, Sushi Shop, Koya Japan, Vie & Nam, Tandori, O’Burger, Tutti Frutti, Taco Time, Country Style, Buns Master, Valentine, Jugo Juice, Mr. Sub, Koryo Korean Barbeque, Mr. Souvlaki, Sushi Go, Mucho Burrito, Extreme Pita, PurBlendz, ThaïZone, Madisons New York Grill & Bar, Café Dépôt, Muffin Plus, Sushi-Man, Fabrika and Van Houtte.

As at November 30, 2014, MTY had 2,727 locations in operation, of which 2,691 were franchised or under operator agreements and the remaining 36 locations were operated by MTY.

MTY’s locations can be found in: i) food courts and shopping malls; ii) street front; and, iii) non-traditional format within petroleum retailers, convenience stores, cinemas, amusement parks and in other venues or retailers shared sites. The non-traditional locations are typically smaller in size, require a lower investment and generate lower revenues than the locations found in shopping malls, food courts or street front

locations. The street front locations are mostly made up of the Country Style, La Crémière, "TCBY", Sushi Shop, Taco Time, Tutti Frutti, Valentine, Mr. Sub, ThaïZone, Extreme Pita, Mucho Burrito and Madisons banners. La Crémière and "TCBY" operate primarily from April to September and the others banners operate year round.

MTY has developed several quick service restaurant concepts: Tiki-Ming (Chinese cuisine), was its first banner, followed by Sukiyaki (a Japanese delight), Franx Supreme (hot dog/hamburger), Panini Pizza Pasta, Chick'n'Chick, Caferama, Carrefour Oriental, Villa Madina, Kim Chi, Vie & Nam, Tandori and O'Burger.

Other banners added through acquisitions include:

- 18 locations from the Fontaine Santé/Veggirama chain in 1999,
- 74 locations from the La Crémière ice cream chain in 2001,
- 20 locations from the Croissant Plus chain in 2002,
- 24 locations from the Cultures chain in 2003,
- 6 locations from the Thaï Express chain in May 2004,
- 103 locations from the Mrs. Vanelli's chain in June 2004,
- 91 locations of The Country's Best Yogurt "TCBY" with the undertaking of the Canadian master franchise right in September 2005,
- On April 1, 2006, MTY acquired the exclusive master franchise rights to franchise Yogen Früz™ throughout Canada with its network of 152 existing locations,
- On September 1, 2006, MTY acquired the Sushi Shop banner with its 42 franchise locations and 5 corporate owned locations,
- On October 19, 2006, the Company acquired the Koya Japan banner with its 24 franchise locations and one corporate owned location,
- On September 1, 2007 MTY purchased 15 existing Sushi Shop franchise locations from an investor group,
- On September 15, 2008, MTY acquired the Tutti Frutti banner with its 29 outlets. This banner caters to the breakfast and lunch crowd,
- On October 31, 2008, MTY acquired the Canadian franchising rights of Taco Time. As at the date of acquisition, there were 117 Taco Time restaurants operating in Western Canada,
- On May 1, 2009, the Company acquired the outstanding shares of Country Style Food Services Holdings Inc. with the 480 outlets operated by its subsidiaries,
- On September 16, 2010, the Company acquired the outstanding shares of Groupe Valentine inc. and of its network of 95 stores. The transaction was effective September 1, 2010,
- On August 24, 2011, the Company acquired the assets of Jugo Juice International Inc. with 136 outlets in operation at the date of closing. The transaction was effective August 18, 2011,
- On November 1, 2011, the Company acquired the assets of Mr. Submarine Limited, with 338 stores in operations at the date of closing,
- On November 10, 2011, the Company acquired the assets of Koryo Korean BBQ Franchise Corp. with 20 stores in operations at the effective date of closing. The transaction was effective November 1, 2011.
- On September 26, 2012, the Company acquired the assets of Mr. Souvlaki Ltd. with 14 stores in operation at the effective date of closing.
- On May 31, 2013, the Company acquired the SushiGo banner, with a total of 5 outlets at the date of closing. The acquisition was effective on June 1, 2013.
- On September 24, 2013, the Company acquired the assets of Extreme Pita, PurBlendz and Mucho Burrito ("Extreme Brandz"), with a total of 305 stores, including five corporately-owned stores. Of the 305 stores, 34 were operated from the United States.

- On September 30, 2013, the Company acquired 80% of the assets of Thaï Zone. At the date of closing, the chain operated 25 stores and 3 mobile restaurants.
- On July 21, 2014, the Company acquired the assets of Madisons via a 90%-owned subsidiary. At the date of closing, there were 14 franchised stores located in the province of Quebec. The transaction was effective July 18, 2014.
- On October 31, 2014, the company acquired the assets of Café Dépôt, Muffin Plus, Sushi-Man and Fabrika, which operated 101 stores, including 13 corporate restaurants.
- On November 7, 2014, the company acquired 52 Van Houtte Café Bistros, 51 of which were franchised and 1 corporately-owned.

MTY also has an exclusive area development agreement with Restaurant Au Vieux Duluth to develop and sub-franchise Au Vieux Duluth Express quick-service restaurants in the Provinces of Ontario and Quebec.

Revenues from franchise locations are generated from royalty fees, franchise fees, sales of turn key projects, rent, sign rental, supplier contributions and sales of other goods and services to franchisees. Revenues from corporate owned locations include sales generated from corporate owned locations. Operating expenses related to franchising include salaries, general and administrative costs associated with existing and new franchisees, expenses in the development of new markets, costs of setting up turn key projects, rent, supplies and equipment sold to franchisees. Corporate owned location expenses include the costs incurred to operate corporate owned locations.

MTY generates revenues from the food processing business discussed herein. The plant produces various products that range from ingredients and ready to eat food sold to restaurants or other food processing plants to microwavable meals sold in retail stores. The plant generates most of its revenues selling its products to distributors and retailers.

The Company also generates revenues from its distribution center located on the south shore of Montreal. The distribution center mainly serves the Valentine and Franx Supreme franchisees with a broad range of products required in the day-to-day operations of the restaurants.

Description of recent acquisitions

On November 7, 2014, the Company announced that it had completed the acquisition of 100% of the franchising operations of Van Houtte Café Bistros for a total consideration of $0.95 million. At the date of closing, there were 52 outlets in operations, including one corporately-owned restaurant. All of the restaurants are located in the province of Quebec.

On October 31, 2014, the Company announced that it had completed the acquisition of 100% of the assets of Café Dépôt, Muffin Plus, Sushi-Man and Fabrika, for a total consideration of $13.95 million. At the time of closing, there were 101 restaurants in operations, including 13 corporate ones. All of the restaurants are located in the province of Quebec, with the exception of one restaurant which is located in Ontario.

On July 21, 2014, the Company acquired the assets of Madisons for a total consideration of $12.9 million. The Company took a 90% ownership position in the newly created subsidiary. The acquisition was financed using a $3.0 million cash injection from the shareholders, a new credit facility and by a balance of sale of $1.3 million. At the date of closing, there were 14 franchised restaurants in operation, all of which are located in Quebec.

On September 30, 2013, the Company acquired 80% of the assets of Thaï Zone for a total consideration of $17.7 million, paid from MTY's cash on hand and available credit facilities. At the date of closing, Thaï

Zone operated 25 stores and 3 mobile restaurants. Of the purchase price, the Company withheld $1.78 million in non-interest bearing holdbacks.

On September 24, 2013, the Company acquired the assets of Extreme Pita, PurBlendz and Mucho Burrito for a consideration of $45 million, paid from MTY's cash on hand. At the date of closing, there were 305 stores in operation, 5 of which were corporate locations and 34 of which were located in the United States. Of the purchase price, the Company withheld $4.5 million in non-interest bearing holdbacks.

On May 31, 2013, the Company acquired most of the assets of Gestion SushiGo – Sesame Inc. (www.sushigoexpress.ca), 9161- 9379 Quebec Inc. and 9201-0560 Quebec Inc. for a total consideration of $1.05 million. At the date of closing, there were 5 SushiGo stores in operation, two of which were corporate locations. The acquisition was effective on June 1, 2013. Of the purchase price, the Company withheld $0.1 million in non-interest bearing holdbacks.

Selected annual information

(in thousands of dollars)	**Year ended November 30,2014**	**Year ended November 30,2013** *(restated)*	**Year ended November 30,2012**
Total assets	$196,135	$172,688	$136,561
Total long-term liabilities	$9,965	$9,413	$2,575
Operating revenue	$115,177	$101,360	$96,220
EBITDA	$42,659	$39,235	$34,926
Income before income taxes	$34,530	$34,610	$30,504
Income before taxes, excluding impairment charges and reversals	$36,886	$34,546	$30,572
Net income attributable to owners	$25,426	$25,712	$22,067
Total comprehensive income attributable to owners	$25,406	$25,718	$22,067
EPS basic	$1.33	$1.34	$1.15
EPS diluted	$1.33	$1.34	$1.15
Dividends paid on common stock	$6,501	$5,354	$4,206
Dividends per common share	$0.34	$0.28	$0.22
Weighted daily average number of common shares	19,120,567	19,120,567	19,120,567
Weighted average number of diluted common shares	19,120,567	19,120,567	19,120,567

Summary of quarterly financial information

	Quarters ended							
in thousands of $	**February 2013**	**May 2013**	**August 2013**	**November 2013**	**February 2014**	**May 2014**	**August 2014**	**November 2014**
Revenue	$22,628	$25,342	$25,130	$28,260	$25,602	$29,402	$30,234	$29,939
EBITDA	$8,803	$9,551	$10,521	$10,360	$9,486	$11,339	$10,515	$11,319
Net income attributable to owners	$5,635	$6,250	$6,682	$7,145	$5,537	$7,269	$7,099	$5,521
Total comprehensive income attributable to owners	$5,635	$6,250	$6,682	$7,151	$5,519	$7,281	$7,085	$5,521
Per share	$0.29	$0.33	$0.35	$0.37	$0.29	$0.38	$0.37	$0.29
Per diluted share	$0.29	$0.33	$0.35	$0.37	$0.29	$0.38	$0.37	$0.29

Results of operations for the fiscal year ended November 30, 2014

Revenue

During the 2014 fiscal year, the Company's total revenue increased by 14% to reach $115.2 million. Revenues for the four segments of business are broken down as follows:

	November 30, 2014 ($ million)	November 30, 2013 ($ million)	Variation
Franchise operation	90.0	74.1	21%
Corporate stores	12.1	11.9	2%
Distribution	6.0	6.2	(3%)
Food processing	8.5	10.0	(15%)
Intercompany transactions	(1.4)	(0.9)	N/A
Total operating revenues	115.2	101.4	14%

As is shown in the table above, revenue from franchise locations progressed by 21%. Several factors contributed to the variation, as listed below:

	$million
Revenues, 2013 fiscal year	74.1
Increase in recurring revenue streams	13.2
Decrease in initial franchise fees, renewal fees and transfer fees	(0.6)
Increase in turn key, sales of material to franchisees and rent revenues	3.1
Other non-material variations	0.2
Revenues, 2014 fiscal year	90.0

During the year, the Company benefitted from the impact of the acquisitions realised late in 2013 and in 2014, which accounted for approximately 60% of the increase in recurring streams of revenues and 80% of the increase in total revenues from franchising.

Revenue from corporate owned locations was stable during the period. There was a reduction in the revenues derived from Special Purpose Entities, which was offset by a higher average unit volume for the corporate stores held during 2014 compared to the same period last year.

Distribution and food processing revenues both decreased during 2014. Distribution revenues have decreased by 3% because of a shift in the sales mix, which is impacted by various internal factors such as promotions on certain products, as well as by external factors such as consumer preferences and trends. Revenues from the food processing business were down 15% as certain products have been discontinued because of a lack of profitability.

Cost of sales and other operating expenses

During 2014, operating expenses increased by 17% to $72.5 million, up from $62.1 million a year ago. Operating expenses for the four business segments were incurred as follows:

	November 30, 2014 ($ million)	November 30, 2013 ($ million)	Variation
Franchise operation	47.1	36.2	30%
Corporate stores	12.5	11.0	13%
Distribution	5.5	5.7	(3%)
Food processing	8.9	10.1	(12%)
Intercompany transactions	(1.4)	(0.9)	N/A
Total operating expenses	72.5	62.1	17%

Expenses from franchise operations increased by $10.9 million during 2014 compared to the same period last year.

Approximately 50% of the increase is directly attributable to the new concepts acquired late in 2013 and in 2014. Most of those expenses are in the form a wages and benefits and other expenses related to the workforce that joined the Company following the acquisitions. Other notable increases during the year include higher costs of turn keys related to an increased volume of such projects, rent and other materials sold to franchisees, as well as higher bad debt and lease termination costs.

Expenses from corporate stores increased by 13%, mostly for factors explained in the Revenue section above. The increase in expenses was greater than that of revenue as the Company sold some stores that produced above-average profit margins during the year and had to repossess some unprofitable ones.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

	Fiscal year ended November 30, 2014					
(In millions)	Franchise	Corporate	Distribution	Processing	Consolidation	Total
Revenues	$89.96	$12.06	$6.02	$8.49	($1.36)	$115.18
Expenses	$47.09	$12.46	$5.47	$8.85	($1.36)	$72.52
EBITDA[(1)]	$42.87	$(0.40)	$0.55	$(0.36)	$0.00	$42.66
EBITDA as a % of Revenue	48%	N/A	9%	N/A	N/A	37%

	Fiscal year ended November 30, 2013					
(In millions)	Franchise	Corporate	Distribution	Processing	Consolidation	Total
Revenues	$74.13	$11.85	$6.22	$10.02	($0.86)	$101.36
Expenses	$36.22	$11.02	$5.67	$10.07	($0.86)	$62.12
EBITDA[(1)]	$37.91	$0.83	$0.55	($0.05)	$0.00	$39.24
EBITDA as a % of Revenue	51%	7%	9%	N/A	N/A	39%

EBITDA (income before income taxes, interest, depreciation and amortization) is not an earnings measure recognized by IFRS and therefore may not be comparable to similar measures presented by other companies.
[(1)]EBITDA is defined as operating revenues less operating expenses. See reconciliation of EBITDA to Income before taxes on page 10.

Total EBITDA for the fiscal period ended November 30, 2014 was $42.7 million, an increase of 9% compared to the 2013 fiscal period.

During the period, the franchising operations generated $42.9 million in EBITDA, a 13% increase over the results of the same period last year. The increase is mainly attributable to the operations of the newly acquired concepts, which generated most of the total increase in EBITDA. The increase in revenues generated by existing operations was partly offset by higher bad debts charges and lease termination costs.

EBITDA as a % of revenues was impacted adversely by the higher operating charges, mainly in the form of bad debts and lease termination costs. This was partly offset by stronger margins on other franchising activities resulting from the higher recurring stream of revenues.

Net income

For the 2014 fiscal period, net income was adversely impacted by a one-time impairment charge taken on the Country Style trademark. As a result, net income attributable to owners declined 1% compared to the results of last year.

On a normalized basis, net income attributable to owners is up by 6%, at $27,127 for the year. The increase is due to the growth in EBITDA, which was partly offset by higher amortization charges and a slightly higher tax burden.

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
(in thousands of dollars)

	Period ended November 30, 2014	**Period ended November 30, 2013**
Income before taxes	34,530	34,610
Depreciation – property, plant and equipment	869	1,108
Amortization – intangible assets	5,985	4,223
Interest on long-term debt	422	291
Foreign exchange gains	(106)	(53)
Interest income	(118)	(487)
Gain on preferred share redemption	(100)	-
Impairment (reversal) of impairment charge	2,356	(64)
Gain on disposal of property, plant and equipment	(1,179)	(317)
Other income	-	(76)
EBITDA	**42,659**	**39,235**

Other income and charges

The gain on disposal of property, plant and equipment increased by $0.9 million mainly because of the disposal two highly profitable stores during the third quarter of 2014.

During the fourth quarter, as the result of a decline in the financial performance of the Country Style franchise network, the Company carried out a review of the recoverable amounts of the intangible assets related to that brand. The review led to the recognition of an impairment loss of $2,356, which has been recognised in the consolidated statement of income.

Income taxes

The Company's tax burden was slightly higher during 2014 than it was for 2013. This is mostly attributable to some prior year adjustments recorded in 2013 that are non-recurring in nature.

Results of operations for the quarter ended November 30, 2014

Revenue

During the fourth quarter of the 2014 fiscal year, the Company's total revenue increased by 6% to reach $29.9 million. Revenues for the four segments of business are broken down as follows:

	November 30, 2014 ($ million)	November 30, 2013 ($ million)	Variation
Franchise operation	22.7	20.1	13%
Corporate stores	3.5	3.4	4%
Distribution	1.9	2.0	(1%)
Food processing	2.3	3.0	(23%)
Intercompany transactions	(0.5)	(0.3)	N/A
Total operating revenues	29.9	28.3	6%

As is shown in the table above, revenue from franchise locations progressed by 13%. Several factors contributed to the variation, as listed below:

	$million
Revenues, fourth quarter of 2013	20.1
Increase in recurring revenue streams	3.0
Decrease in franchise fees, renewal fees and transfer fees	(0.4)
Increase in turn-key, sales of material to franchisees and rent revenues	0.2
Other non-material variations	(0.2)
Revenues, fourth quarter of 2014	22.7

During the fourth quarter of 2014, the Company continued to benefit from the impact of the acquisitions realised late in 2013 and during 2014, which contributed to approximately 40% of the increase in recurring streams of revenues, and over 75% of the increase in total revenues. As shown in the table, the increase in revenues is entirely attributable to recurring streams of revenues, which provide a solid basis for future periods.

Revenue from corporate owned locations was relatively stable, with a slight increase caused by the acquisition of 14 corporate stores late in the quarter.

Food processing revenues have decreased by 23%, mainly as a result of the interruption of the production of certain non-profitable products.

Cost of sales and other operating expenses

During the fourth quarter of 2014, operating expenses increased by 4% to $18.6 million, up from $17.9 million for the same period a year ago. Operating expenses for the four business segments were incurred as follows:

	November 30, 2014 ($ million)	November 30, 2013 ($ million)	Variation
Franchise operation	11.1	10.5	5%
Corporate stores	3.9	2.8	38%
Distribution	1.7	1.8	(3%)
Food processing	2.4	3.0	(20%)
Intercompany transactions	(0.5)	(0.3)	N/A
Total operating expenses	18.6	17.9	4%

Expenses from franchise operations increased by $0.6 million in the fourth quarter of 2014 compared to the same period last year.

The increase is attributable to the annualization of the impact of the acquisitions realized in the fourth quarter of 2013 as well as to the acquisitions realized during 2014.

The expenses of corporate stores increased by 38% as the Company franchised some highly profitable stores during 2014 and had to repossess more financially challenged locations, causing higher costs in relation to revenues.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

	Three months ended November 30, 2014					
(In millions)	Franchise	Corporate	Distribution	Processing	Consolidation	Total
Revenues	$22.66	$3.54	$1.95	$2.30	($0.51)	$29.94
Expenses	$11.07	$3.91	$1.74	$2.41	($0.51)	$18.62
EBITDA[1]	$11.59	$(0.37)	$0.21	$(0.11)	$0.00	$11.32
EBITDA as a % of Revenue	51%	N/A	11%	N/A	N/A	38%

	Three months ended November 30, 2013					
(In millions)	Franchise	Corporate	Distribution	Processing	Consolidation	Total
Revenues	$20.14	$3.39	$1.97	$3.00	$(0.24)	$28.26
Expenses	$10.52	$2.84	$1.78	$3.00	$(0.24)	$17.90
EBITDA	$9.62	$0.55	$0.19	$0.00	$0.00	$10.36
EBITDA as a % of Revenue	48%	16%	10%	0%	N/A	37%

EBITDA (income before income taxes, interest, depreciation and amortization) is not an earnings measure recognized by IFRS and therefore may not be comparable to similar measures presented by other companies.

[1]EBITDA is defined as operating revenues less operating expenses. *See reconciliation of EBITDA to Income before taxes on page 13.*

Total EBITDA for the fourth quarter was $11.3 million, up 9% compared to the fourth quarter of last year.

During the period, the franchising operations generated $11.6 million in EBITDA, a 20% increase over 2013 results. Part of the increase is attributable to the EBITDA generated by acquisitions made in the fourth quarter of 2013 and during 2014. The remainder of the increase is due to the growth of recurring revenue streams, which typically generate high EBITDA margins as a result of the scalability of MTY's structure.

EBITDA from corporate owned locations decreased during the three-month period as profitable corporate stores are being franchised throughout the year.

Net income

For the three-month period ended November 30, 2014, the Company's net income attributable to owners was $5.5 million or $0.29 per share (0.29 per diluted share), compared to $7.1 million in 2013, or $0.37 per share ($0.37 per diluted share).

Excluding the impact of the impairment charge taken on one of the trademarks, net income attributable to owners would have been $7.2 million, or $0.38 per share.

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

(in thousands of dollars)

	Period ended November 30, 2014	**Period ended November 30, 2013**
Income before taxes	7,478	9,263
Depreciation – property, plant and equipment	5	284
Amortization – intangible assets	1,613	1,301
Interest on long-term debt	111	66
Foreign exchange gains	(90)	(1)
Interest income	(64)	(104)
Impairment (reversal) of impairment charge	2,356	(64)
Gain on disposal of property, plant and equipment	(89)	(311)
Other income	-	(76)
EBITDA	**11,319**	**10,360**

Other income and charges

During the fourth quarter, as the result of a decline in the financial performance of the Country Style franchise network, the Company carried out a review of the recoverable amounts of the intangible assets related to that brand. The review led to the recognition of an impairment loss of $2,356, which has been recognised in the consolidated statement of income.

Contractual obligations and long-term debt

The obligations pertaining to the long-term debt and the minimum rentals for the leases that are not subleased are as follows:

For the period ending *(In thousands $)*	Long term debt[1]	Net lease commitments	Total contractual obligations
12 months ending November 2015	$4,102	$4,148	$8,250
12 months ending November 2016	$3,268	$4,024	$7,292
12 months ending November 2017	$257	$3,347	$3,604
12 months ending November 2018	$257	$2,568	$2,825
12 months ending November 2019	$194	$2,047	$2,241
Balance of commitments	$517	$6,602	$7,119
	$8,595	**$22,736**	**$31,332**

(1) Amounts shown represent the total amount payable at maturity and are therefore undiscounted. For total commitments, please refer to the November 30, 2014 consolidated financial statements

Long-term debt includes non-interest bearing holdbacks on acquisitions, non-interest bearing contract cancellation fees as well as a balance of sale related to the acquisition of Madisons.

At the end of the year, the Company had drawn $11,750 from its credit facilities. The credit facilities are subject to covenants of funded debt to EBITDA ratio of 2 to1 and a minimum interest coverage ratio of 4.5 to 1. At November 30, 2014, the Company was in compliance with the facilities' covenants. The facilities, when used, bears interest at the bank's annual prime rate plus a margin not exceeding 0.5% established based on the Company's funded debt/EBITDA ratio.

Liquidity and capital resources

As of November 30, 2014, the amount held in cash net of the line of credit totalled $(5.2) million, an increase of $0.7 million since the end of the 2013 fiscal period.

During 2014, the Company finalized three acquisitions, investing a total of $25 million. The Company also paid $6.1 million in dividends to its shareholders during the year. All those items had no significant impact on the cash position of the Company as a result of strong cash flow generation during the year.

Cash flows generated by operating activities were $32.4 million during the 2014 fiscal period, up 22% over the results of the 2013 fiscal period. During the fourth quarter, operating cash flows were $9.6 million, a growth of 17% over the fourth quarter of 2013.

In the short-term, Management will continue to open new locations that will be funded by new franchisees. MTY will continue its efforts to sell some of its existing corporate owned locations and will seek new opportunities to acquire other food service operations. MTY has an available line of credit of $40.0 million, of which $28.3 million was available at year end.

Financial position

Accounts receivable at the end of the year were at $16.0 million, compared to $13.5 million at the end of the 2013 fiscal period. The increase is mainly due to the growth in franchising revenues.

The provision for doubtful accounts has increased by $2.0 million since November 30, 2013. New amounts added into the provision for bad debts this year exceeded 3% of franchising revenue, a historical high. This is mainly a consequence of the difficult and competitive environment in which some of the franchisees operate, which result in higher uncertainty regarding the collection of amounts due.

Investment in subsidiary held-for-sale consists of the Company's investment in 7687567 Canada Inc., which was classified as held-for-sale during the 2013 fiscal year. During the 2014 third quarter, the Company acquired the shares of one of the minority shareholders for $0.3 million, bringing its total ownership to 91%. This additional investment was made to facilitate the restructuring of the plant's operations. The value of the investment in subsidiary held-for-sale reported in the consolidated statement of financial position is equal to 7687567 Canada Inc.'s net carrying value of assets less liabilities. This investment represents a segment of the Company.

Accounts payable increased to $13.2 million as at November 30, 2014, from $11.9 million as at November 30, 2013. The increase is mainly due to the growth of the franchising business and the number of turn key projects in progress at year end; this was partially offset by a decrease in the total amount of promotional fund reserves at year end.

Provisions, which are composed of litigation and dispute, closed store and gift card provisions, increased to $3.1 million from $1.8 million. Part of the increase is due to higher gift card liabilities at year end, following the acquisition of Madisons and the net gift card liability it carried. Closed store and litigation and disputes provisions have also increased in light of new information that became known during the year.

Deferred revenues consist of distribution rights which are earned on a consumption basis and include initial franchise fees to be earned once substantially all of the initial services have been performed. The balance as at November 30, 2014 was $3.7 million, in line with the balance at the end of 2013. These amounts will be recognized into revenues as they are earned.

Long-term debt is composed of non-interest bearing holdbacks on acquisitions and non-interest bearing contract cancellation fees. During the year, the Company added two new items into long-term debt; a balance of sale on the acquisition of Madisons, and a non-interest bearing holdback on the acquisition of Café Dépôt. During the year, total repayments of $1.4 million were made on five of the holdbacks.

Further details on the above statement of financial position items can be found in the notes to the November 30, 2014 consolidated financial statements.

Capital stock

No shares were issued during the year ended November 30, 2014. As at February 12, 2015 there were 19,120,567 common shares of MTY outstanding.

Location information

MTY's locations can be found in: i) food courts and shopping malls; ii) street front; and iii) non-traditional format within petroleum retailers, convenience stores, cinemas, amusement parks and in other venues or retailer shared sites. The non-traditional locations are typically smaller in size, require lower investment and generate lower revenue than the shopping malls, food courts and street front locations.

	Number of locations fiscal year ended November 2014	Number of locations fiscal year ended November 2013
Franchises, beginning of year	**2,565**	2,179
Corporate owned, beginning of year	**25**	20
Opened during the period		
Mall	**42**	45
Street	**40**	56
Non-traditional	**63**	54
Closed during the period		
Mall	**(42)**	(17)
Street	**(49)**	(31)
Non-traditional	**(84)**	(54)
Acquired during the period	**167**	338
Total end of period	**2,727**	2,590
Franchises, end of year	**2,691**	2,565
Corporate owned, end of year	**36**	25
Total end of year	**2,727**	2,590

During the period, the Company's network experienced a net decrease of 30 outlets, compared to a net addition of 53 outlets for the same period a year ago, excluding the new stores resulting from acquisitions. Most of the difference comes from a higher number of stores closed during 2014; among the major factors explaining that decline is the loss of a contract in the non-traditional environment which resulted in 36 stores closing. Most other closures were attributable to the termination of agreements for stores that had been underperforming. Approximately 50% of the stores closed during the period were located in Ontario.

At the end of the period, the Company had 36 corporate stores, a net increase of 11 compared to the end of the 2013 fiscal year. During the period, 14 corporate-owned locations were acquired, 17 were sold, 4 were closed and 18 were added.

The chart below provides the breakdown of MTY's locations and system sales by type:

Location type	% of location count		% of system sales fiscal year ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Shopping mall & food court	**38%**	35%	**40%**	45%
Street front	**40%**	42%	**50%**	45%
Non-traditional format	**22%**	23%	**10%**	10%

The geographical breakdown of MTY's locations and system sales consists of:

Geographical location	% of location count		% of system sales fiscal year ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Ontario	**41%**	44%	**31%**	34%
Quebec	**31%**	26%	**35%**	35%
Western Canada	**21%**	22%	**27%**	25%
Maritimes	**3%**	3%	**2%**	1%
International	**4%**	5%	**5%**	5%

System wide sales

System wide sales for the 2014 fiscal year reached $887.8 million, up 22% over the 2013 fiscal period. Approximately 70% of the increase was realized as a result of acquisitions, while the rest came from internal growth. For the fourth quarter of 2014, system sales totaled $236.1 million, an increase of 13% over the fourth quarter last year; approximately 75% of that increase came from acquisitions.

System wide sales include sales for corporate and franchise locations and exclude sales realized by the distribution center or by the food processing plant.

Same-store sales

During the quarter ended November 30, 2014, same-stores sales increased by 0.8% over the same period last year. For the fiscal period, same-stores sales have declined by 0.9%.

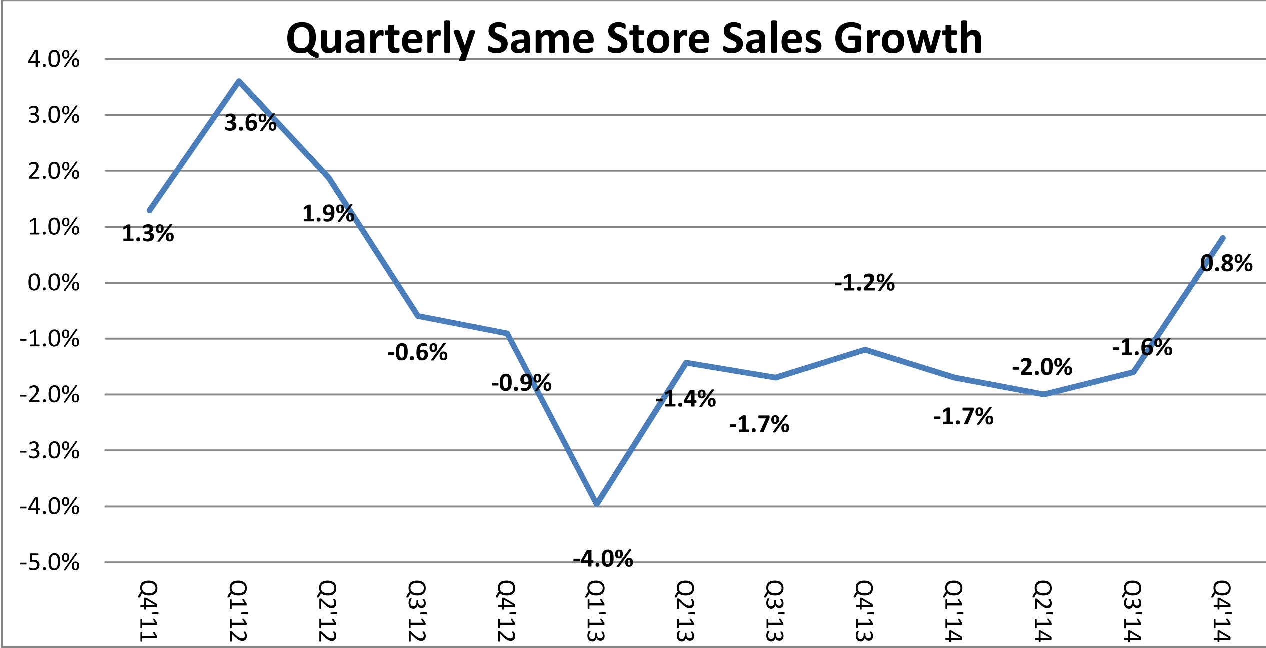
During the fourth quarter of 2014, sixteen of the concepts produced positive same-store sales growth, compared to nine in the third quarter. While some brands experienced very positive changes during the quarter, other brands experienced further deterioration in their comparative sales.

Despite the improvement of same-store sales in the fourth quarter, management remains prudent in drawing conclusions from the most recent quarter. The environment remains highly uncertain as the competition continues to intensify both from a price and an offering point of view. Consumers are looking for value when they spend food dollars, making it increasingly difficult for stores to maintain the average ticket per customer and traffic.

Many of the brands were adversely impacted by the unusually cold weather in many regions of Canada during the first six months of the fiscal period, which the Company believes has caused a reduction in the number of visits to the restaurants. This was mostly felt in street front locations, which suffered the biggest decrease. Mall locations produced flat same-store sales growth during the period.

Once again this quarter, Western provinces fared significantly better than Ontario and Quebec, as economies for these two provinces have remained sluggish during the period. Restaurants located in malls outperformed those on street or non-traditional locations during the period.

The following table shows quarterly information on same-stores sales growth for the last 13 quarters:



Stock options

During the period, no options were granted or exercised. As at November 30, 2014 there were no options outstanding.

Seasonality

Results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Company expects that seasonality will not be a material factor in the quarterly variation of its results. System sales fluctuate seasonally. During January and February sales are historically lower than average due to weather conditions. Sales are historically above average during May to August. This is generally as a result of higher traffic in the street front locations, higher sales from seasonal locations only operating during the summer months and higher sales from shopping centre locations. Sales for shopping mall locations are also higher than average in December during the Christmas shopping period.

Contingent liabilities

The Company is involved in legal claims associated with its current business activities, the outcome of which is not determinable. Management believes that these legal claims will have no significant impact on the financial statements of the Company.

Guarantee

The Company has provided a guarantee in the form of a letter of credit for an amount of $45.

Risks and uncertainties

Despite the fact that the Company has various numbers of concepts, diversified in type of locations and geographics across Canada, the performance of the Company is also influenced by changes in demographic trends, traffic patterns, occupancy level of malls and office towers and the type, number, and location of competing restaurants. In addition, factors such as innovation, increased food costs, labour and benefits costs, occupancy costs and the availability of experienced management and hourly employees may adversely affect the Company. Changing consumer preferences and discretionary spending patterns could oblige the Company to modify or discontinue concepts and/or menus and could result in a reduction of revenue and operating income. Even if the Company was able to compete successfully with other restaurant companies with similar concepts, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer tastes or dining patterns. If the Company changes a concept, it may lose additional customers who do not prefer the new concept and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the concept profitable. Similarly, the Company may have different or additional competitors for its intended customers as a result of such a concept change and may not be able to successfully compete against such competitors. The Company's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce customer traffic or impose practical limits on pricing, either of which could reduce revenue and operating income.

The growth of MTY is dependant on maintaining the current franchise system which is subject to the renewal of existing leases at sustainable rates, MTY’s ability to continue to expand by obtaining acceptable store sites and lease terms, obtaining qualified franchisees, increasing comparable store sales and completing acquisitions. The time, energy and resources involved in the integration of the acquired businesses into the MTY system and culture could also have an impact on MTY’s results.

Off-balance sheet arrangement

MTY has no off-balance sheet arrangements.

Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of key management personnel and directors during the period was as follows:

	Three months ended November 30, 2014	**Fiscal year ended November 30, 2014**	Three months ended November 30, 2013	Fiscal year ended November 30, 2013
	$	**$**	$	$
Short-term benefits	**188**	**809**	219	812
Board member fees	**10**	**40**	6	38
Total remuneration of key management personnel	**198**	**849**	225	850

Key management personnel is composed of the Company's CEO, COO and CFO. The remuneration of directors and key executives is determined by the Board of directors having regard to the performance of individuals and market trends.

Given its widely held share base, the Company does not have an ultimate controlling party; its most important shareholder is its CEO, who controls 26% of the outstanding shares.

The Company also pays employment benefits to individuals related to members of the key management personnel described above. Their total remuneration was as follows:

	Three months ended November 30, 2014	**Fiscal year ended November 30, 2014**	Three months ended November 30, 2013	Fiscal year ended November 30, 2013
	$	**$**	$	$
Short-term benefits	**119**	**538**	142	402
Total remuneration of individuals related to key management personnel	**119**	**538**	142	402

A corporation owned by individuals related to key management personnel has non-controlling participation in one of the Company's subsidiaries, which has no operations.

Adoption of IFRS Standards

The following standards issued by the IASB were adopted by the Corporation on December 1, 2013.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Company's consolidated financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's consolidated financial statements.

Future accounting changes

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standard Board ("IASB") that are not yet effective for the period ended November 30, 2014, and have not been applied in preparing the consolidated financial statements.

The following standards may have a material impact on the consolidated financial statements of the Company:

Effective for annual periods beginning on or after:

IFRS 9 Financial Instruments	January 1, 2018	Early adoption permitted
IFRS 15 Revenue from contracts with customers	January 1, 2017	Early adoption permitted
Amendments to IAS 32 Financial Instruments: Presentation	January 1, 2014	Early adoption permitted

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions; however, for a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before February 1, 2015. IFRS 9 does not replace the requirement for portfolio fair value hedge accounting for interest risk since this phase of the project was separated from IFRS project due to the longer term nature of the macro hedging project which is currently at the discussion paper phase of the due process Consequently, the exception in IAS 39 for fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply.

IFRS 15 replaces the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. This new standard sets out the requirements for recognizing and disclosing revenue that apply to all contracts with customers.

The Company is in the process of determining the extent of the impact of these standards on its consolidated financial statements.

Economic environment risk

The business of the Company is dependent upon numerous aspects of a healthy general economic environment, from strong consumer spending to provide sales revenue, to available credit to finance the franchisees and the Company. In light of recent upheaval in economic, credit and capital markets, the Company's performance and market price may be adversely affected. The Company's current planning assumptions forecast that the quick service restaurant industry will be impacted by the current economic recession in the provinces in which it operates. However, management is of the opinion that the current economic situation will not have a major impact on the Company due to the following reasons: 1) the Company has strong cash flows; 2) quick service restaurants represent an affordable dining out option for consumers in an economic slowdown.

Financial instruments and financial risk exposure

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

The classification, carrying value and fair value of financial instruments are as follows:

As at November 30, 2014

	Loans and receivables	Other financial liabilities at amortized cost	Total carrying Value	Fair value
	$	**$**	**$**	**$**
Financial assets				
Cash	6,589	-	6,589	6,589
Accounts receivable	15,987	-	15,987	15,987
Loans receivable	686	-	686	686
	23,262	**-**	**23,262**	**23,262**
Financial liabilities				
Line of credit	-	11,750	11,750	11,750
Accounts payable and accrued liabilities	-	13,214	13,214	13,214
Long-term debt [1]	-	7,849	7,849	7,849
	-	**32,813**	**32,813**	**32,813**

As at November 30,2013
(restated)

	Loans and receivables	Other financial liabilities at amortized cost	Total carrying Value	Fair value
	$	**$**	**$**	**$**
Financial assets				
Cash	6,136	-	6,136	6,136
Accounts receivable	13,452	-	13,452	13,452
Loans receivable	978	-	978	978
	20,566	**-**	**20,566**	**20,566**
Financial liabilities				
Line of credit	-	12,000	12,000	12,000
Accounts payable and accrued liabilities	-	11,903	11,903	11,903
Long-term debt [1]	-	6,682	6,682	6,682
	-	**30,585**	**30,585**	**30,585**

[1] Includes the current portion of long-term debt.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is established based on market information available at the date of the consolidated statement of financial position. In the absence of an active market for a financial instrument, the Company uses the valuation methods described below to determine the fair value of the instrument. To make the assumptions required by certain valuation models, the Company relies mainly on external, readily observable market inputs. Assumptions or inputs that are not based on observable market data are used in the absence of external data. These assumptions or

factors represent management's best estimates of the assumptions or factors that would be used by market participants for these instruments. The credit risk of the counterparty and the Company's own credit risk have been taken into account in estimating the fair value of all financial assets and financial liabilities, including derivatives.

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Cash, accounts receivable, accounts payable and accrued liabilities – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Loans receivable – The loans receivable generally bear interest at market rates and therefore it is management's opinion that the carrying value approximates the fair value.

Long-term debt – The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements based on the Company's current estimated borrowing rate for a similar debt.

Risk management policies

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2014.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the consolidated statement of financial position are net of allowances for bad debts, estimated by Company's management based on prior experience and their assessment of the current economic environment. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- Other than receivables from international locations, the Company's broad client base is spread mostly across Canada limits the concentration of credit risk.

- The Company accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high quality financial instruments and with credit-worthy counterparties.

The credit risk on the loans receivable is similar to that of accounts receivable. There is currently an allowance for doubtful accounts recorded for loans receivable of $9 (2013 - $133).

Foreign exchange risk

Foreign exchange risk is the Company's exposure to decreases or increases in financial instrument values caused by fluctuations in exchange rates. The Company is mainly exposed to foreign exchange risk on its purchase of coffee. The Company has entered into contracts to minimize its exposure to fluctuations in foreign currencies related to the purchase of coffee. As of November 30, 2014, the total value of such contracts was approximately $12 (2013 - $Nil).

In addition, the Company concludes sales denominated in foreign currencies. The Company's foreign operations use the U.S. dollar as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, other working capital items and the financial obligations of its foreign operations.

Other than the above-mentioned foreign transactions, the Company has minimal exposure to the US$ and is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in the currency. The Company considers this risk to be relatively limited.

As of November 30, 2014, the Company carried US$ cash of CAD$1,766, net accounts receivable of CAD$945 and net accounts payable of CAD$836 (CAD$887, CAD$437 and CAD$342 in 2013). All other factors being equal, a reasonable possible 1% rise in foreign currency exchange rates per Canadian dollar would result in a change on profit or loss and net comprehensive income of $18 Canadian dollars.

Interest rate risk

The Company is exposed to interest rate risk with its revolving credit facility and treasury risk facility. Both facilities bear interest at a variable rate and as such the interest burden could potentially become more important. $11,750 of the credit facility was used as at November 30, 2014. A 100 basis points increase in the bank's prime rate would result in additional interest of $118 per annum on the outstanding credit facility. The Company limits this risk by using short-term banker's acceptance from the credit facility.

Liquidity risk

The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

The following are the contractual maturities of financial liabilities as at November 30, 2014:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	thereafter
	$	$	$	$	$	$
Line of credit	**11,750**	**11,750**	**11,750**	—	—	—
Accounts payable and accrued liabilities	**13,214**	**13,214**	**13,214**	—	—	—
Long-term debt	**7,849**	**8,595**	**2,232**	**1,870**	**3,268**	**1,225**
Interest on long-term debt	**n/a**	**201**	**39**	**36**	**58**	**68**
	32,813	**33,760**	**27,235**	**1,906**	**3,326**	**1,293**

Outlook

It is Management's opinion that the trend in the quick service restaurants industry will continue to grow in response to the demand from busy and on-the-go consumers.

In the very short term, management's primary focus will be on restoring positive same-store sales by generating more innovation, focusing on the quality of customer service in each of its outlets and

maximizing the value offered to its customers. Management will also focus on finalizing the integration of the recently acquired brands.

The quick service restaurant industry will remain challenging in the future, and management believes that the focus on the food offering, consistency and store design will give MTY's restaurants a stronger position to face challenges. Given this difficult competitive context in which more restaurants compete for a finite amount of consumer dollars, each concept needs to preserve and improve the relevance of its offer to consumers.

Management will maintain its focus on maximizing shareholder value by adding new locations of its existing concepts and remains committed to seek potential acquisitions to increase its market share.

Subsequent Event

On December 18, 2014, the Company finalized the acquisition of the North American assets of Manchu Wok, Wasabi Grill & Noodle and SenseAsian for a total consideration of $7.9 million.

Controls and Procedures

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with the securities regulatory authorities are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

The Company's Chief Executive Officer and the Chief Financial Officer have concluded that the design of the disclosure controls and procedures ("DC&P") as at November 30, 2014 provide reasonable assurance that significant information relevant to the Company, including that of its subsidiaries, is reported to them during the preparation of disclosure documents.

Internal controls over financial reporting

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting. The Company's internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer, together with Management, after evaluating the effectiveness of the Company's internal controls over financial reporting as at November 30, 2014, have concluded that the Company's internal controls over financial reporting was effective.

The Chief Executive Officer and the Chief Financial Officer, together with Management, have concluded after having conducted an evaluation and to the best of their knowledge that, as at November 30, 2014, no change in the Company's internal controls over financial reporting occurred that could have materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Limitation on scope of design

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of the recently acquired operations of Madisons (acquired July 18, 2014), Café Dépôt, Muffin Plus, Sushi-Man and Fabrika (acquired October 31, 2014) and Van Houtte Café Bistro (acquired November 7, 2014). Excluding the goodwill created on the acquisitions, these operations respectively represent 5%, 5% and 0% of the Company's assets (1%, 2% and 0% of current assets, 6%, 5% and 1% of non-current assets); they also represent 24%, 1% and 1% of current liabilities (9%, 10% and 0% of long-term liabilities), 1%, 1% and 0% of the Company's revenues and 1%, 1% and 0% of the Company's net earnings for the fiscal year ended November 30, 2014.

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of certain special purpose entities ("SPEs") on which the Company has the ability to exercise *de facto* control and which have as a result been consolidated in the Company's consolidated financial statements. For the fiscal year ended November 30, 2014, these SPEs represent 1% of the Company's current assets, 0% of its non-current assets, 0% of the Company's current liabilities, 0% of long-term liabilities, 3% of the Company's revenues and 0% of the Company's net earnings.

"*Stanley Ma*"

____

Stanley Ma, Chief Executive Officer

"*Eric Lefebvre*"

____

Eric Lefebvre, CPA, CA, MBA Chief Financial Officer